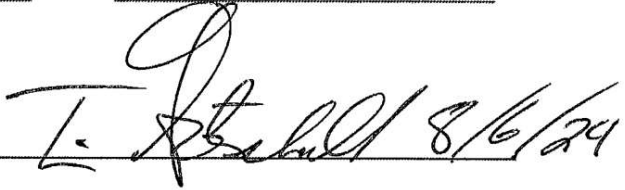


# Exhibit A

CERTIFIED POLICY

To the best of my knowledge, the following is a true and accurate copy of

Policy Number 12PRM121281-01 as of 08/06/2024.

 8/6/24

Tim Gotschall, Underwriting Director

POLICY NUMBER: 12PRM121281-01

ILM 0313 05 13

## NATIONAL FIRE & MARINE INSURANCE COMPANY

1314 DOUGLAS ST, SUITE 1400  
OMAHA, NE 68102  
(402) 393-7255

A STOCK COMPANY

Report ALL Claims To:

**1-800-356-5750**

24 Hour

Toll Free

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



President



Secretary

---

THESE POLICY PROVISIONS WITH THE DECLARATIONS PAGES, COVERAGE FORMS  
AND ENDORSEMENTS, IF ANY, COMPLETE THIS POLICY. THIS POLICY IS A LEGAL  
CONTRACT BETWEEN THE POLICY OWNER AND THE COMPANY.

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**PLEASE READ YOUR POLICY CAREFULLY**

---

# National Fire & Marine Insurance Company

## COMMERCIAL LINES POLICY

### COMMON POLICY DECLARATIONS

Policy Number: 12PRM121281-01

Named Insured and Mailing Address:

TITAN GOLDEN PROPERTY INVESTOR  
49 BEVERLY PARK CIRCLE  
BEVERLY HILLS, CA 90210

Producing Agent: H00070

RT Specialty, a division of RSG Specialty, LLC  
540 W Monroe St 9th Fl  
Chicago, IL 60661

Policy Period: From: 12/25/2023 To: 12/25/2024 at 12:01 A.M., Standard Time at your mailing address shown above.

Business Description: EVENT DWELLING

---

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE STATED IN THIS POLICY.

---

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

---

	PREMIUM
Commercial Property Coverage Part	\$ [REDACTED]
Commercial General Liability Coverage Part	\$ [REDACTED]
Commercial Crime Coverage Part	\$ [REDACTED]
Commercial Inland Marine Coverage Part	\$ [REDACTED]
Commercial Automobile Coverage Part	\$ [REDACTED]
Workers Compensation	\$ [REDACTED]
Businessowners	\$ [REDACTED]
Contractors Package/Motel/Lessor's Risk Only	\$ [REDACTED]
Umbrella	\$ [REDACTED]
Errors and Omissions	\$ [REDACTED]
Terrorism Coverage "Certified Acts"	\$ [REDACTED]
Annual Premium (may include balance to meet minimum premium)	\$ [REDACTED]

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FORM(S) AND ENDORSEMENTS(S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE:\*

Refer To Form Schedule

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\*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations.

\_\_\_\_\_  
Countersignature Date

\_\_\_\_\_  
Authorized Representative



POLICY NUMBER: 12PRM121281-01  
EFFECTIVE DATE: 12/25/2023 12:01AM

ILS 0001 05 13

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COMMON POLICY FORMS SCHEDULE**

<b>Form Number</b>	<b>Edition Date</b>	<b>Form Title</b>
ILM0313	5/2013	COMMERCIAL POLICY JACKET
CD24	7/2003	COMMON POLICY DECLARATIONS
ILS 0001	5/2013	COMMON POLICY FORMS SCHEDULE
ILB 1005	6/2020	CHOICE OF LAW AND FORUM ENDORSEMENT
ILB 0017	6/2015	COMMON POLICY CONDITIONS
ILM0310	8/2010	NOTICE OF SERVICE OF SUITS
ILB 5821	8/2015	EXCLUSION FOR WAR, NUCLEAR RISK (INCLUDING RADIOACTIVE), AND BIOLOGICAL RISK (INCLUDING CHEMICAL)
M 5748	10/2013	SANCTION EXCLUSION
M 5872	9/2020	CHANGES TO COMMON POLICY CONDITIONS - CANCELLATION
ILB 0301	9/2018	CALIFORNIA CONSUMER AFFAIRS DISCLOSURE

**PLEASE READ THIS ENDORSEMENT CAREFULLY. IT SUPERSEDES ALL OTHER PROVISIONS AND ENDORSEMENTS TO THIS POLICY REGARDING CHOICE OF LAW AND SELECTION OF FORUM.**

## **CHOICE OF LAW AND FORUM ENDORSEMENT**

The Insured and Insurer agree that the construction, validity, and performance of this Policy will be governed by the laws of the State of Nebraska without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than those of the State of Nebraska.

The Insured and Insurer agree that all suits, actions, and proceedings arising out of or related to this Policy will be litigated in the District Court of Douglas County, Nebraska or in the U.S District Court for the District of Nebraska, including the appellate courts thereof. Both parties acknowledge that Nebraska is a reasonably convenient forum for the parties, and both parties waive and agree not to plead any argument that another forum is more convenient. Each party agrees to submit to the jurisdiction of the State of Nebraska.

If any provision of this Endorsement is or becomes illegal, unenforceable, or invalid in any jurisdiction, it shall not affect (1) the enforceability or validity in that jurisdiction of any other provision of this Endorsement, or (2) the enforceability or validity in other jurisdictions of that or any other provision of this Endorsement.

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 10 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

ILM 0310 08 10

## NOTICE OF SERVICE OF SUIT

If required by your state statutes, we will designate the Commissioner of Insurance of your state, or any other officer specified by your state statutes, or their successors in office, as our true and lawful attorney for Service of Suit instituted by you, or on your behalf, or on behalf of your beneficiary, in regard to your policy, and designate that such process should be mailed to the Company Home Office address listed below.

President  
National Fire & Marine Insurance Company  
1314 Douglas St, Suite 1400  
Omaha, NE 68102

All other terms, conditions, and agreements of the policy shall remain unchanged.

Company Name: National Fire & Marine Insurance Company

Policy Number: 12PRM121281-01

Endorsement Effective: 12/25/2023 12:01AM

Named Insured: TITAN GOLDEN PROPERTY  
INVESTOR

Countersigned by: \_\_\_\_\_  
(Authorized Representative)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

ILM 0310 08 10



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION FOR WAR, NUCLEAR RISK (INCLUDING RADIOACTIVE), AND BIOLOGICAL RISK (INCLUDING CHEMICAL)**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART  
 ERRORS & OMISSIONS COVERAGE PART  
 LAW ENFORCEMENT WRONGFUL ACTS COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL CRIME COVERAGE PART

Notwithstanding any other provision of this Policy, this insurance does not apply to any loss or damages directly or indirectly arising out of, caused by, or resulting from "war", "nuclear risk " (including radioactive), or "biological risk" (including chemical). Such loss or damage is excluded regardless of (i) whether any other cause or event contributed to such loss or damage in any way or at any time or (ii) whether such loss or damage is accidental or intentional. "War" is defined as a declared, undeclared, or civil war or any act or condition incident to war; warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or insurrection, rebellion, revolution, or usurped power or action taken by governmental authority in hindering or defending against any of these. "Nuclear risk" is defined as nuclear detonation, reaction, or radiation or radioactive contamination. "Biological risk" is defined as the intentional release of or exposure to biological, chemical, or germ agents or disease or intentional contamination or infection of any food source or supply, water source or supply, air supply, or atmosphere.

In any proceeding seeking coverage under this Policy, the person seeking coverage shall have the burden of proving that the claim or "suit" is not excluded under this Endorsement.

All other terms, conditions and agreements of the policy remain unchanged.

Company Name National Fire & Marine Insurance Company	Policy Number 12PRM121281-01
	Endorsement Effective
Named Insured TITAN GOLDEN PROPERTY INVESTOR	Countersigned by

(Authorized Representative)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SANCTION EXCLUSION**

The provisions of the Coverage Form apply unless modified by this endorsement.

Whenever coverage provided by this policy would be in violation of any U.S. economic trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.

Similarly, any coverage relating to or referred to in any certificates or other evidences of insurance or any claim that would be in violation of U.S. economic or trade sanctions as described above shall also be null and void.

This endorsement changes the policy effective on the inception date of the policy unless another date is shown below. All other terms, conditions and agreements of the policy remain unchanged.

Company Name National Fire & Marine Insurance Company	Policy Number 12PRM121281-01
	Endorsement Effective
Named Insured TITAN GOLDEN PROPERTY IN	Countersigned by

(Authorized Representative)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CHANGES TO COMMON POLICY CONDITIONS – CANCELLATION**

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM  
CARGO COVERAGE FORM  
GARAGE COVERAGE FORM  
COMMERCIAL GENERAL LIABILITY COVERAGE FORM  
Commercial Property Coverage Part

The following are added to Paragraph **A.1. Cancellation** of the Common Policy Conditions:

- a. If you granted a power of attorney to a finance company to obtain financing for the policy and that finance company provides us a written notice of cancellation or request to cancel, we will then cancel the policy as of the date either:
  - (1) specified in the notice or request, or
  - (2) required under any applicable statute, regulation, or other policy provision,
 whichever is latest.
  
- b. If we filed proof of insurance on your behalf to a government agency, the law may require advance notice of cancellation to that agency. The date of cancellation will be extended as needed to comply.

All other terms, conditions and agreements remain unchanged.

Company Name National Fire & Marine Insurance Company	Policy Number 12PRM121281-01  Endorsement Effective 12/25/2023 12:01:00AM
Named Insured TITAN GOLDEN PROPERTY INVESTOR	Countersigned at  By

(Authorized Representative)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

## **CALIFORNIA CONSUMER AFFAIRS DISCLOSURE**

This notice is provided in accordance with California Insurance Code § 501, to inform you who to contact should you have a problem with your insurance policy. Please contact your agent or broker for assistance. If your agent or broker is unable to resolve your problem, you may contact us at:

**National Fire & Marine Insurance Company**  
1314 Douglas St, Suite 1400  
Omaha, NE 68102  
1 (800) 356-5750

If our company or your agent or both have failed to produce a satisfactory resolution to the problem, you may contact the California Department of Insurance to assist you:

**California Department of Insurance**  
**Consumer Affairs Division**  
300 South Spring Street, South Tower  
Los Angeles, California 90013  
[www.insurance.ca.gov](http://www.insurance.ca.gov)  
1 (800) 927-4357



POLICY NUMBER: 12PRM121281-01

COMMERCIAL PROPERTY  
CPD 0001 04 13

## COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Agency Name: RT Specialty, a division of RSG Specialty, LLC

Agency Number: H00070

### DESCRIPTION OF PREMISES

Premises Number: 1

Building Number: 1

#### Building Description:

Address: 49 BEVERLY PARK CIRCLE, BEVERLY HILLS, CA 90210


Protection Class: 1

Construction: Frame/Brick Veneer

Occupancy: 1180 VACANT SECONDARY HOME

### COVERAGES PROVIDED

Insurance at the above described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made.

Coverage	Limit Of Insurance	Coinsurance	Covered Causes Of Loss	Deductible	Premium
Building	\$5,000,000	None	SPECIAL INCL THEFT	\$100,000	
Business Income and Extra Expense	\$300,000		SPECIAL INCL THEFT		
Business Personal Property other than Stock & TIB	\$550,000	80%	SPECIAL INCL THEFT	\$100,000	

### OPTIONAL COVERAGES

Coverage	Agreed Value		Replacement Cost (X)	Inflation Guard (%)
	Amount	Expiration Date		
Building			X	
Business Personal Property other than Stock & TIB			X	

### OPTIONAL BUSINESS INCOME COVERAGES

Amount	Agreed Value	Monthly Limit Of Indemnity (Fraction)	Maximum Period Of Indemnity (X)	Extended Period Of Indemnity (Days)
	Expiration Date			

1/6

POLICY NUMBER: 12PRM121281-01  
EFFECTIVE DATE: 12/25/2023 12:01AM

CPS 0001 05 13

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COMMERCIAL PROPERTY COVERAGE PART FORMS SCHEDULE**

<b>Form Number</b>	<b>Edition Date</b>	<b>Form Title</b>
CPD 0001	4/2013	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
CPS 0001	5/2013	COMMERCIAL PROPERTY COVERAGE PART FORMS SCHEDULE
CPM 2039	11/2009	VACANT BUILDING PROPERTY COVERAGE FORM
CPM2030	6/2011	BUSINESS OR RENTAL INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP 1030	6/2007	CAUSES OF LOSS - SPECIAL FORM
CP 0299	6/2007	CANCELLATION CHANGES
CPB 9010	9/2019	MORTGAGEHOLDER CANCELLATION NOTICE
IL 0102	2/2020	CALIFORNIA CHANGES - ACTUAL CASH VALUE
IL 0104	7/2020	CALIFORNIA CHANGES
IL 0270	7/2020	CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL
CP 0090	7/1988	COMMERCIAL PROPERTY CONDITIONS
CP 0140	7/2006	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP 0411	10/2012	PROTECTIVE SAFEGUARDS
CP 1032	8/2008	WATER EXCLUSION ENDORSEMENT
CP 1056	6/2007	SPRINKLER LEAKAGE EXCLUSION
CP 1075	12/2020	CYBER INCIDENT EXCLUSION
CPB 1006	5/2014	AMENDED UTILITIES AND INSPECTION REQUIREMENTS
CPB 1211	10/2020	BURGLARY, ROBBERY, THEFT, AND VANDALISM PROTECTIVE SAFEGUARDS
CPB 1420	11/2018	ADDITIONAL PROPERTY NOT COVERED
CPB 1805	1/2020	APPRAISAL CONDITION
CPB 2001	5/2023	EXCLUSION - NAMED CONSTRUCTION MATERIALS
CPB 4032	4/2023	EXCLUSION - PFAS (PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES)
CPM 1110	7/2022	MULTIPLE CAUSES OF LOSS DEDUCTIBLE FORM
CPM 2049	10/2017	VANDALISM LIMITATION
CPM 2050	10/2017	COPPER THEFT LIMITATION
CPM 9903	7/2015	EXCLUSION - MAJOR RENOVATIONS
CPM2034	1/2009	BUSINESS PERSONAL PROPERTY ENDORSEMENT
CPM2042	1/2009	NEWLY ACQUIRED OR CONSTRUCTED PROPERTY
IL 0935	7/2002	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL 0953	1/2015	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
IL 0995	1/2007	CONDITIONAL EXCLUSION OF TERRORISM

## VACANT BUILDING PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

### A. COVERAGE

We will pay for direct physical loss of or damage to Your Interest in the Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

#### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

**a. Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

#### 2. Property Not Covered

Covered Property does not include:

- a.** Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;

- b.** Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c.** Automobiles held for sale;
- d.** Bridges, roadways, walks, patios or other paved surfaces;
- e.** Contraband, or property in the course of illegal transportation or trade;
- f.** The cost of excavations, grading, backfilling or filling;
- g.** Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h.** Land (including land on which the property is located), water, growing crops or lawns;
- i.** Personal property while airborne or waterborne;
- j.** Bulkheads, pilings, piers, wharves or docks;
- k.** Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l.** Retaining walls that are not part of a building;
- m.** Underground pipes, flues or drains;
- n.** The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
- o.** Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.
 This paragraph does not apply to:
  - (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;



- (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (3) Rowboats or canoes out of water at the described premises;

**p. The following property while outside of buildings:**

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

**3. Covered Causes Of Loss**

See applicable Causes of Loss Form as shown in the Declarations.

**4. Additional Coverages**

**a. Debris Removal**

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
  - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
  - (b) The deductible in this policy applicable to that loss or damage.
 But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.
- (3) This Additional Coverage does not apply to costs to:
  - (a) Extract "pollutants" from land or water; or
  - (b) Remove, restore or replace polluted land or water.

**b. Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
  - (2) Required by local ordinance.
- No Deductible applies to this Additional Coverage.

**d. Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

**B. EXCLUSIONS AND LIMITATIONS**

**1. Tenant Damage**

This policy will not pay for damage caused by, contributed to, assisted by, or as a result of any intentional acts of vandalism, arson, violence, malicious mischief, or neglect on the part of any prior or current owner or tenant.

**2. Causes of Loss Form**

See applicable Causes of Loss Form as shown in the Declarations.

**3. Cosmetic Loss to Metal Roof Coverings Caused by Hail**

We will not pay for "cosmetic loss or damage" to "metal roof coverings" of buildings and structures caused by hail.

- (1) "Cosmetic loss or damage" means loss or damage that alters the physical appearance of the "metal roof covering" but does not result in the penetration of water through the "metal roof covering" and does not result in the failure of the "metal roof covering" to perform its intended function of keeping out the elements over an extended period of time.

- (2) "Metal roof covering" means the metal roofing material exposed to the weather, the underlayments applied for moisture protection or other purposes and all flashings.

This exclusion does not apply to loss or damage by hail to "metal roof coverings" that will allow the penetration of water through the "metal roof coverings" or that results in the failure of the "metal roof covering" to perform its intended function of keeping out the elements over an extended period of time.

### C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
  - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
  - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage; we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

### D. DEDUCTIBLE-PER BUILDING

We will not pay for loss or damage to any Covered Property unless the amount of the loss or damage exceeds your Deductible. Your Deductible will be calculated based on a 'Per Building' basis. The amount 'Per Building' will be shown on the Declaration Page, unless otherwise noted in your policy.

### E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

#### 1. Abandonment

There can be no abandonment of any property to us.

### 2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

### 3. Duties In The Event Of Loss Or Damage

- a. You must see that the following is done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.



- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

#### 5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### 6. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, and **c.**.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.
- c. Tenant's Improvements and Betterments at:
  - (1) Actual cash value of the lost or damaged property but only if you make repairs promptly.

#### d. Actual Cash Value

Actual cash value is defined as follows:

- (1) when the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage, less reasonable deduction for wear and tear, deterioration, and obsolescence;
- (2) when the loss or damage to property creates a total loss, actual cash value means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market or
- (3) otherwise actual cash value means the market value of new property of like kind and quality, less reasonable reduction for wear and tear, deterioration, and obsolescence.

#### F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

**1. Coinsurance**

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and
- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself. **Example**

**No. 1 (Underinsurance):**

When:

The value of the property is	\$ 250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$ 100,000
The Deductible is	\$ 250
The amount of loss is	\$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$  (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 / \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

**Example No. 2 (Adequate Insurance):**

When:

The value of the property is	\$ 250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$ 200,000
The Deductible is	\$ 250
The amount of loss is	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 ( $\$40,000$  amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**Example No. 3:**

When:

The value of property is:

Bldg. at Location No. 1	\$ 75,000
Bldg. at Location No. 2	\$ 100,000
Personal Property at Location No. 2	\$ 75,000
	\$ 250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is

The Deductible is \$ 1,000

The amount of loss is:

Bldg. at Location No. 2	\$ 30,000
Personal Property at Location No. 2.	\$ 20,000
	\$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$  (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 / \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$ .

Step (4):  $\$40,000 - \$1,000 = \$39,000$ .

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;



- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

### 3. Utilities and Inspection Requirements

As a condition of this insurance, you are required to:

- a. Have all applicable public utilities or services activated and operational at the premises, including but not limited to electricity, gas, and water.
- b. **Either directly or by use of a third party,** perform physical inspections of the exterior and interior of all vacant or unoccupied property every 30 days.
- c. We will not pay for loss or damage that would have otherwise not occurred if you fail to comply with Section F. Subsection 3. a. or b.

### G. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

### 1. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- c. We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- d. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to replace, on the same premises, the lost or damaged property with other property:
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

### H. DEFINITIONS

- 1. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 2. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.



## BUSINESS OR RENTAL INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G. - Definitions**.

### A. Coverage

We will pay for the actual loss of Business or Rental Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to Covered Property under this policy at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (1) The portion of the building which you rent, lease or occupy; and
- (2) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

#### 1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or "rental value";
- b. Continuing normal operating expenses incurred; and
- c. "Ordinary payroll expenses." But in no event will we pay "ordinary payroll expenses" for more than 90 days following the date of direct physical loss or damage.

For manufacturing risks, Net Income includes the net sales value of production.

#### 2. Rental Income

Rental Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned from tenant occupancy of the premises described in the Declarations as furnished and equipped by you.
- b. Continuing normal operating expenses incurred; and
- c. "Ordinary payroll expenses." But in no event will we pay "ordinary payroll expenses" for more than 90 days following the date of direct physical loss or damage.

#### 3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

#### 4. Additional Coverages

##### a. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

- (1) We will pay any Extra Expense to avoid or minimize the "suspension" of business and to continue "operations":
  - (a) At the described premises; or
  - (b) At replacement premises or at temporary locations, including:
    - (i) Relocation expenses; and
    - (ii) Costs to equip and operate the replacement or temporary locations.
- (2) We will pay any Extra Expense to minimize the "suspension" of business if you cannot continue "operations".
- (3) We will pay any Extra Expense to:
  - (a) Repair or replace any property; or
  - (b) Research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

**b. Civil Authority**

We will pay for the actual loss of Business or Rental Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for Business or Rental Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

- (1) 3 consecutive weeks after the time of that action; or
- (2) When your Business or Rental Income coverage ends; whichever is later.

**c. Alterations And New Buildings**

We will pay for the actual loss of Business or Rental Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business or Rental Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

**d. Extended Business or Rental Income**

If the necessary "suspension" of your "operations" produces a Business or Rental Income loss payable under this policy, we will pay for the actual loss of Business or Rental Income you incur during the period that:

- (1) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (2) Ends on the earlier of:
  - (a) The date you could restore your "operations", with reasonable speed, to the level which would generate the business or rental income amount that would have existed if no direct physical loss or damage had occurred; or
  - (b) 30 consecutive days after the date determined in (1) above.

However, Extended Business or Rental Income does not apply to loss of Business or Rental Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business or Rental Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**5. Coverage Extension**

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

**Newly Acquired Locations**

- a. You may extend your Business or Rental Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business or Rental Income loss and Extra Expense incurred, is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
  - (1) This policy expires;
  - (2) 30 days expire after you acquire or begin to construct the property; or
  - (3) You report values to us.



We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

#### **B. Exclusions And Limitations**

See applicable Causes of Loss Form as shown in the Declarations.

#### **C. Limits Of Insurance**

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business or Rental Income.

#### **D. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

##### **1. Appraisal**

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

##### **2. Duties In The Event Of Loss**

- a. You must see that the following are done in the event of loss:
  - (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

##### **3. Limitation - Electronic Media And Records**

We will not pay for any loss of Business or Rental Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or

- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

This limitation does not apply to Extra Expense.

**Example No. 1:**

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business or Rental Income loss sustained during the period June 1 - September 1. Loss during the period September 2 - October 1 is not covered.

**Example No. 2:**

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business or Rental Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30 - October 15 is not covered.

**4. Loss Determination**

- a. The amount of Business or Rental Income loss will be determined based on:
- (1) The Net Income of the business or tenancy before the direct physical loss or damage occurred;
  - (2) The likely Net Income of the business or tenancy if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

- (4) Other relevant sources of information, including:
  - (a) Your financial records and accounting procedures;
  - (b) Bills, invoices and other vouchers; and
  - (c) Deeds, liens or contracts.

- b. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
  - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
  - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- (2) All necessary expenses that reduce the Business or Rental Income loss that otherwise would have been incurred.

**c. Resumption Of Operations**

We will reduce the amount of your:

- (1) Business or Rental Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
  - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

**5. Loss Payment**

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.



**E. Additional Condition****Coinurance**

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business or Rental Income loss if the Limit of Insurance for Business Income is less than:

- a. The Coinsurance percentage shown for Business Income in the Declarations; times
- b. The sum of:
  - (1) The Net Income (Net Profit or Loss before income taxes), and
  - (2) Operating expenses, including payroll expenses, that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
2. Divide the Limit of Insurance for the described premises by the figure determined in Step 1.; and
3. Multiply the total amount of loss by the figure determined in Step 2.

We will pay the amount determined in Step 3. or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

1. Prepaid freight - outgoing;
2. Returns and allowances;
3. Discounts;
4. Bad debts;
5. Collection expenses;
6. Cost of raw stock and factory supplies consumed (including transportation charges);
7. Cost of merchandise sold (including transportation charges);

8. Cost of other supplies consumed (including transportation charges);
9. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
10. Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
11. All ordinary payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
12. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion - not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

**Example No. 1 (Underinsurance):**

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$ 400,000

The Coinsurance percentage is 50%  
 The Limit of Insurance is \$ 150,000  
 The amount of loss is \$ 80,000

Step 1:  $\$400,000 \times 50\% = \$200,000$   
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step 2:  $\$150,000 / \$200,000 = .75$

Step 3:  $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

**Example No. 2 (Adequate Insurance):**

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$ 400,000

The Coinsurance percentage is 50%  
 The Limit of Insurance is \$ 200,000  
 The amount of loss is \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$400,000 x 50%). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

We will pay:	
Days 1-30	\$ 30,000
Days 31-60	\$ 20,000
Days 61-90	<u>\$ 30,000</u>
	\$ 80,000

The remaining \$10,000 is not covered.

This condition does not apply to the Extra Expense Additional Coverage.

#### F. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

##### 1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for the total of Business or Rental Income loss and Extra Expense is the lesser of:
  - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
  - (2) The Limit of Insurance shown in the Declarations.

##### 2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business or Rental Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
  - (1) The Limit of Insurance, multiplied by
  - (2) The fraction shown in the Declarations for this Optional Coverage.

#### Example:

When: The Limit of Insurance is \$ 120,000

The fraction shown in the Declarations for this Optional Coverage is 1/4

The most we will pay for loss in each period of 30 consecutive days is:  
 $\$120,000 \times 1/4 = \$30,000$

If, in this example, the actual amount of loss is:

Days 1-30	\$ 40,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$ 90,000

#### 3. Business or Rental Income Agreed Value

##### a. To activate this Optional Coverage:

- (1) A Business or Rental Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

- (a) During the 12 months prior to the date of the Work Sheet; and
- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

- (2) The Declarations must indicate that the Business or Rental Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by
- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.



**Example:**

When: The Limit of Insurance  
       is \$ 100,000  
       The Agreed Value is \$ 200,000  
       The amount of loss is \$ 80,000

Step (a):  $\$100,000 / \$200,000 = .50$   
 Step (b):  $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

**4. Extended Period Of Indemnity**

Under Paragraph A.3.d., Extended Business or Rental Income, the number "30" in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

**G. Definitions**

1. "Finished Stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means :
- a. Your business activities occurring at the described premises; and
  - b. The tenantability of the described premises, but only with respect to Rental Income.
3. "Ordinary payroll expenses" means payroll expenses for all your employees except:
- a. Officers;
  - b. Executives;
  - c. Department managers;
  - d. Employees under contract; and
  - e. Additional Exemptions, shown in the Schedule or in the Declarations as:
    - (1) Job Classification; or
    - (2) Employees.

"Ordinary payroll expenses" include:

- a. Payroll;
- b. Employee benefits, if directly related to payroll;
- c. FICA payments you pay;
- d. Union dues you pay; and
- e. Worker's compensation premiums.

4. "Period of Restoration" means the period of time that:

**a. Begins:**

- (1) 72 hours after the time of direct physical loss or damage for Business or Rental Income coverage; or
- (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

**b. Ends on the earlier of:**

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
6. "Suspension" means the slowdown or cessation of your business activities. For purposes of Rental Income, "suspension" means that a part or all of the described premises is rendered untenable.

## CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G.**, Definitions

### A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**, Limitations; that follow.

### B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in

**b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion.

But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

#### c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.



**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
  - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
    - (1) Electrical or electronic wire, device, appliance, system or network; or
    - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or micro-waves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature; or
  - (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  - (1) You do your best to maintain heat in the building or structure; or
  - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
  - (1) Acting alone or in collusion with others; or
  - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.



- k.** Collapse, including any of the following conditions of property or any part of the property:
- (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage - Collapse; or
- (b) To collapse caused by one or more of the following:
  - (i) The "specified causes of loss";
  - (ii) Breakage of building glass;
  - (iii) Weight of rain that collects on a roof; or
  - (iv) Weight of people or personal property.

- l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
- b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c.** Faulty, inadequate or defective:
  - (1) Planning, zoning, development, surveying, siting;
  - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - (3) Materials used in repair, construction, renovation or remodeling; or
  - (4) Maintenance; of part or all of any property on or off the described premises.

#### **4. Special Exclusions**

The following provisions apply only to the specified Coverage Forms.

##### **a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form**

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".
 This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

**b. Leasehold Interest Coverage Form**

(1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your cancelling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

**c. Legal Liability Coverage Form**

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.**, Ordinance Or Law;

(b) Paragraph **B.1.c.**, Governmental Action;

(c) Paragraph **B.1.d.**, Nuclear Hazard;

(d) Paragraph **B.1.e.**, Utility Services; and

(e) Paragraph **B.1.f.**, War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

**(a) Contractual Liability**

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

**(b) Nuclear Hazard**

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**5. Additional Exclusion**

The following provisions apply only to the specified property.

**LOSS OR DAMAGE TO PRODUCTS**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.



**C. Limitations**

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
  - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.  
However, this limitation does not apply to:
  - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
  - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- a. Animals, and then only if they are killed or their destruction is made necessary.
- b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
  - (1) Glass; or
  - (2) Containers of property held for sale.
- c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.  
However, this limitation does not apply:
  - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
  - (2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

#### **D. Additional Coverage - Collapse**

The coverage provided under this Additional Coverage - Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage - Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
  - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
  - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
  - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
  - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
    - (1) A cause of loss listed in **2.a.** or **2.b.**;
    - (2) One or more of the "specified causes of loss";
    - (3) Breakage of building glass;
    - (4) Weight of people or personal property; or
    - (5) Weight of rain that collects on a roof.

3. This **Additional Coverage - Collapse** does **not** apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
  - b. Awnings, gutters and downspouts;
  - c. Yard fixtures;
  - d. Outdoor swimming pools;
  - e. Fences;
  - f. Piers, wharves and docks;
  - g. Beach or diving platforms or appurtenances;
  - h. Retaining walls; and
  - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.



6. This Additional Coverage - Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage - Collapse will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in D.1. through D.7.

**E. Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
  - a. A "specified cause of loss" other than fire or lightning; or
  - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.
 

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage - Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

#### **F. Additional Coverage Extensions**

##### **1. Property In Transit**

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

##### **2. Water Damage, Other Liquids, Powder Or Molten Material Damage**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

##### **3. Glass**

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, F.3., does not increase the Limit of Insurance.

#### **G. Definitions**

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.



- b.** Falling objects does not include loss or damage to:

  - (1)** Personal property in the open; or
  - (2)** The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c.** Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

COMMERCIAL PROPERTY  
CP 02 99 06 07

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CANCELLATION CHANGES**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

The following is added to the **Cancellation** Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least five days before the effective date of cancellation.

- A.** The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
1. Seasonal unoccupancy;
  2. Buildings in the course of construction, renovation or addition; or
  3. Buildings to which the Vacancy Permit endorsement applies.
- Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
- B.** After damage by a covered cause of loss, permanent repairs to the building:
1. Have not started; and
  2. Have not been contracted for,
- within 30 days of initial payment of loss.

- C.** The building has:
1. An outstanding order to vacate;
  2. An outstanding demolition order;
  3. Been declared unsafe by governmental authority.
- D.** Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
- E.** Failure to:
1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
  2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

COMMERCIAL PROPERTY  
CPB 9010 09/2019

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MORTGAGEHOLDER CANCELLATION CHANGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE FORM  
VACANT BUILDING PROPERTY COVERAGE FORM

**Section F. Additional Conditions, Subsection 2. Mortgageholders, section f. is replaced by the following:**

- f. If we cancel this policy, we will mail or deliver written notice of cancellation to the Mortgageholder at the same time we mail or deliver written notice of cancellation to the first Named Insured.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES – ACTUAL CASH VALUE**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

- A.** In the event of a partial or total loss to a building or structure, actual cash value is calculated as the lesser of the following:
  - 1.** The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
  - 2.** The Limit of Insurance applicable to the property.
- B.** In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
  - 1.** The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
  - 2.** The Limit of Insurance applicable to the property.
- C.** An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL  
 COVERAGES, CONDITIONS, DEFINITIONS  
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM  
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM  
 STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:  
 We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
  - 1. This Coverage Part;
  - 2. The Covered Property;
  - 3. That insured's ("insured's") interest in the Covered Property; or
  - 4. A claim under this Coverage Part or Coverage Form.
- C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:  
 This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
  - 1. This Coverage Part;
  - 2. The Covered Property;
  - 3. An insured's ("insured's") interest in the Covered Property; or
  - 4. A claim under this Coverage Part or Coverage Form.
- D.** Except as provided in **E.**, the **Appraisal** Condition is replaced by the following:  
 If we and you disagree on the value of the property or the actual cash value or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). In this event, each party will select a competent and impartial appraiser. However, in the event of a government-declared disaster, as defined in the Government Code, appraisal may be requested by either you or us but shall not be compelled. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and actual cash value and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of actual cash value and loss ("loss") and will be binding. Each party will:
  - 1. Pay its chosen appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**E. The Appraisal Condition in:**

1. Business Income (And Extra Expense)  
Coverage Form **CP 00 30**; and
2. Business Income (Without Extra Expense)  
Coverage Form **CP 00 32**;

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and

- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
 POLLUTION LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A. Paragraphs 2. and 3. of the Cancellation**

Common Policy Condition are replaced by the following:

**2. All Policies In Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a.** 10 days before the effective date of cancellation if we cancel for:
  - (1)** Nonpayment of premium; or
  - (2)** Discovery of fraud by:
    - (a)** Any insured or his or her representative in obtaining this insurance; or
    - (b)** You or your representative in pursuing a claim under this policy.
- b.** 30 days before the effective date of cancellation if we cancel for any other reason.

**3. All Policies In Effect For More Than 60 Days**

- a.** If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
  - (1)** Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
  - (2)** Discovery of fraud or material misrepresentation by:
    - (a)** Any insured or his or her representative in obtaining this insurance; or
    - (b)** You or your representative in pursuing a claim under this policy.
  - (3)** A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
  - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
  - (6) A determination by the Commissioner of Insurance that the:
    - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
    - (b) Continuation of the policy coverage would:
      - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
      - (ii) Threaten our solvency.
  - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
- B. The following provision is added to the **Cancellation Common Policy Condition:**
- 7. Residential Property**
- This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:  
Commercial Property Coverage Part  
Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And  
Household Personal Property Coverage Form
- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
  - b. We may not cancel this policy solely because the first Named Insured has:
    - (1) Accepted an offer of earthquake coverage; or
    - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.
  - c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
    - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
    - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.



- d. If a state of emergency under California Law is declared and the residential property is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not cancel this policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred. However, we may cancel:

- (1) When you have not paid the premium, at any time by letting you know at least 10 days before the date cancellation takes effect;
- (2) If willful or grossly negligent acts or omissions by the Named Insured, or his or her representatives, are discovered that materially increase any of the risks insured against; or
- (3) If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.

- C. The following is added and supersedes any provisions to the contrary:

**Nonrenewal**

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. **Residential Property**

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part  
Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And  
Household Personal Property Coverage Form

- a. If this policy provides coverage as described in the preceding paragraph, and we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at the mailing address shown in the policy, at least 75 days, but not more than 120 days, before the expiration or anniversary date.

If we fail to give the first Named Insured shown in the Declarations notice of nonrenewal at least 75 days prior to the policy expiration, as required in the paragraph above, this policy, with no change in its terms and conditions, shall remain in effect for 75 days from the date that the notice of nonrenewal is delivered or mailed to the Named Insured. A notice to this effect shall be provided by us to the first Named Insured with the notice of nonrenewal.

- b. We may elect not to renew such coverage for any reason, except as provided in Paragraphs **c.**, **d.** and **e.** below.
- c. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;



- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3) We have:
  - (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
  - (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.
- d. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.
- e. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
  - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
  - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.
- f. If a state of emergency under California Law is declared and the residential property is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not nonrenew this policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred.

However, we may nonrenew:

- (1) If willful or grossly negligent acts or omissions by the Named Insured, or his or her representatives, are discovered that materially increase any of the risks insured against;
  - (2) If losses unrelated to the postdisaster loss condition of the property have occurred that would collectively render the risk ineligible for renewal; or
  - (3) If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.
3. We are not required to send notice of nonrenewal in the following situations:
- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.
  - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
  - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
  - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
  - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
  - f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

## COMMERCIAL PROPERTY

## COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

**A. CONCEALMENT, MISREPRESENTATION OR FRAUD**

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

**B. CONTROL OF PROPERTY**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

**C. INSURANCE UNDER TWO OR MORE COVERAGES**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

**D. LEGAL ACTION AGAINST US**

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

**E. LIBERALIZATION**

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

**F. NO BENEFIT TO BAILEE**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**G. OTHER INSURANCE**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**H. POLICY PERIOD, COVERAGE TERRITORY**

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
- 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
  - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.



POLICY NUMBER:12PRM121281-01

COMMERCIAL PROPERTY

CP 04 11 10 12

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY**SCHEDULE**

Premises Number	Building Number	Protective Safeguards Symbols Applicable
1	1	P-1, P-2
Describe Any "P-9":		

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. The following is added to the Commercial Property Conditions:****Protective Safeguards**

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols:
  - "P-1" Automatic Sprinkler System**, including related supervisory services.  
Automatic Sprinkler System means:
    - a. Any automatic fire protective or extinguishing system, including connected:
      - (1) Sprinklers and discharge nozzles;
      - (2) Ducts, pipes, valves and fittings;
      - (3) Tanks, their component parts and supports; and
      - (4) Pumps and private fire protection mains.
    - b. When supplied from an automatic fire protective system:
      - (1) Non-automatic fire protective systems; and

- (2) Hydrants, standpipes and outlets.

**"P-2" Automatic Fire Alarm**, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

**"P-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.**"P-4" Service Contract** with a privately owned fire department providing fire protection service to the described premises.**"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System** installed on cooking appliances and having the following components:

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

**"P-9"**, the protective system described in the Schedule.

**B.** The following is added to the **Exclusions** section of:

Causes Of Loss – Basic Form

Causes Of Loss – Broad Form

Causes Of Loss – Special Form

Mortgageholders Errors And Omissions Coverage Form

Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or

2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order. If part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WATER EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

**A.** The exclusion in Paragraph **B.** replaces the **Water** Exclusion in this Coverage Part or Policy.

**B. Water**

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
2. Mudslide or mudflow;
3. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
4. Water under the ground surface pressing on, or flowing or seeping through:
  - a. Foundations, walls, floors or paved surfaces;
  - b. Basements, whether paved or not; or
  - c. Doors, windows or other openings; or

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **1.**, **3.** or **4.**, or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **1.** through **5.**, is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **1.** through **5.**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

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COMMERCIAL PROPERTY

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SPRINKLER LEAKAGE EXCLUSION**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BASIC FORM  
 CAUSES OF LOSS - BROAD FORM  
 CAUSES OF LOSS - SPECIAL FORM

**SCHEDULE**

Premises Number	Building Number
1	1

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

- A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**SPRINKLER LEAKAGE**

Sprinkler Leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

But if Sprinkler Leakage results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- B.** Under Exclusion **1.g.**, Water, the last paragraph is replaced by the following:

But if Water, as described in the paragraphs above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- C.** Exclusions **2.b.** and **2.c.** in the Causes Of Loss - Basic Form are replaced by the following:  
 We will not pay for loss or damage caused by or resulting from:

- b.** Rupture or bursting of water pipes unless caused by a Covered Cause of Loss.

- c.** Leakage or discharge of water or steam from any part of a system or appliance containing water or steam, unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss. But we will not pay for loss or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- D.** Under **Additional Coverage - Collapse**, in the Causes Of Loss - Broad Form, leakage from fire extinguishing equipment is deleted from Paragraph **2.a.**

- E.** Exclusion **2.g.**, in the Causes Of Loss - Special Form, is replaced by the following:

We will not pay for loss or damage caused by or resulting from water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.



F. Under **Limitations** in the Causes Of Loss - Special Form, Item 4. is replaced by the following:

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if:

a. The damage is directly caused by freezing;  
and

b. You do your best to maintain heat in the building or structure, or you drain the equipment and shut off the supply if the heat is not maintained.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

G. In the Causes Of Loss - Special Form, leakage from fire extinguishing equipment is deleted from the "specified causes of loss".



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CYBER INCIDENT EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

**A. The following exclusion is added to Paragraph B.**

**Exclusions:**

We will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**Cyber Incident**

1. Unauthorized access to or use of any computer system (including electronic data).
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

**B. Exceptions And Limitations**

**1. Fire Or Explosion**

If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

**2. Additional Coverage**

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

**3. Electronic Commerce Endorsement**

The exclusion in Paragraph **A.** does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

**C. Vandalism**

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded under the Standard Property Policy or the Causes Of Loss – Basic, Broad or Special Forms and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph **A.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDED UTILITIES AND INSPECTION REQUIREMENTS**

This endorsement modifies insurance provided under the following:

VACANT BUILDING PROPERTY COVERAGE FORM

**Section F. Additional Conditions, Subsection 3. is replaced by the following:**

**3. Utilities and Inspection Requirements**

- a. As a condition of this insurance, you are required to:
- (1) Have all public utilities or services activated and operating, including but not limited to electricity, gas, or water.
  - (2) Have all systems or equipment activated and operating, including but not limited to the heating, ventilation, plumbing, or electrical systems, and any related equipment.

We will not pay for loss or damage that results from your failure to comply with Section F. Subsection 3. a. (1) or (2).

- b. As a condition of this insurance, you are required to, either directly or by use of a third party, perform physical inspections of the exterior and interior of all vacant or unoccupied property every 30 days.

We will not pay for loss or damage if you fail to comply with Section F. Subsection 3. b.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**BURGLARY, ROBBERY, THEFT, AND VANDALISM  
PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

Premises No.	Building No.	Protective Safeguards Symbols Applicable
1	1	BR-1

\*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

**A. The following is added to the Commercial  
Property Conditions:**

1. As a condition of this insurance, you are required to maintain the protective devices and/or services listed in the Schedule above.
2. The protective safeguard(s) to which this endorsement applies are identified by the following symbols:
  - a. "BR-1" Automatic Burglary Alarm, protecting the entire building, that signals to:
    - (1) An outside central station; or
    - (2) A police station.
  - b. "BR-2" Automatic Burglary Alarm, protecting the entire building, that has a loud sounding gong or siren on the outside of the building.

- c. "BR-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
- d. "BR-4" The protective safeguard described in the Schedule.

**B. The following is added to the Exclusions section of the Causes Of Loss — Special Form:**

We will not pay for loss or damage caused by or resulting from burglary, robbery, theft, or vandalism if, prior to the burglary, robbery, theft, or vandalism, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.



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## ADDITIONAL PROPERTY NOT COVERED

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is added to PROPERTY NOT COVERED:

Prem. No.	Bldg. No.	Description of Property Schedule
1	1	Appurtenant structures, including but not limited to fences, detached garages, and sheds which are not scheduled on the policy

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **APPRAISAL CONDITION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

The APPRAISAL Condition is replaced by the following:

#### **APPRAISAL.**

- A. If you and we fail to agree on the amount of loss, or the actual cash value or the costs of repair or replacement of covered loss, either one may make a written demand for appraisal. Only you or we may demand appraisal.
- B. Each party will select a competent, disinterested, impartial, and independent appraiser and notify the other party of the appraiser's identity within 20 days of receipt of the written demand for appraisal.
  1. No person or entity which has been retained under a contingency agreement, including but not limited to any agreement under which the appraiser or umpire receives a percentage of the appraisal award, is paid an hourly fee capped at a percentage of the appraisal award, or is paid a percentage of the award capped at a specific amount may serve as an appraiser or umpire. Upon the request of one party, the other party must produce a copy of any agreement under which that party's appraiser or the umpire has been retained.
  2. No person or entity which has performed any function or service for either party, whether for remuneration or not, as respects the particular loss claimed under this policy may serve as an appraiser or the umpire
- C. The appraisers will then attempt to determine the amount of loss. With specificity the written report of agreement will:
  1. Describe each item or category of property being appraised;
  2. Unless directed otherwise by mutual agreement of the parties, estimate the following for each item or category of property:
    - a. Costs of repair or replacement;
    - b. Amount of depreciation and/or obsolescence, not including labor;
    - c. Amount of depreciation and/or obsolescence of labor; and
    - d. Market value.
- D. If the two appraisers fail to agree upon the amount of the loss within 30 days, unless the period of time is extended by mutual agreement, they will select a competent, disinterested, impartial, and independent umpire and will submit their differences to the umpire. If the appraisers cannot agree upon an umpire within 15 days, you or we can ask a judge of a state or federal court of record in the state or federal judicial district where the property is located to choose an umpire.
- E. A written appraisal agreement completed in accordance with sub-paragraph C.1. and C.2. above and signed by any two (appraisers or appraiser and umpire) will set the amount of loss of each item or category of property and will be binding upon you and us as to the value of the items appraised.
- F. Each party will pay the appraiser it chooses. The umpire and all other expenses of the appraisal will be paid equally by you and us.
- G. Appraisal is only available to determine the amount of the loss of each item in dispute. Interpretations of this policy may not be determined under this provision, including by way of example but not limited to:
  1. Any other questions of fact;
  2. Questions of law;
  3. Questions of coverage;
  4. The cause of loss;
  5. When loss occurred;
  6. Other contractual issues; or
  7. To conduct appraisal on a class-wide basis.
- H. Appraisal is a non-judicial proceeding and does not provide for or require arbitration. Neither party will be awarded attorney fees. The appraisal award may not be entered as a judgment in a court but may be used only to establish the amount of loss otherwise determined to be covered under the Policy.
- I. A party may not demand appraisal after that party brings suit or action against the other party relating to the amount of the loss.

If there is an appraisal award, we reserve all rights under the Policy, including the right to deny your claim.

All other policy provisions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION — NAMED CONSTRUCTION MATERIALS**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART

- A. We will not pay for loss or damage caused directly or indirectly by or which arises out of or is related to, in any way or to any extent, the presence of:
1. Aluminum wiring;
  2. Knob and tube wiring;
  3. Polybutylene piping; or
  4. Bulldog/Pushmatic, Challenger, Federal Pacific Electric Stab-Lok, or Zinsco electrical panels or circuit breakers.
- B. We will not pay to repair or replace any loss or damage to:
1. Asbestos siding;
  2. Asbestos shingles;
  3. Atlas Chalet shingles; or
  4. T-lock shingles.

All other terms, conditions and agreements remain unchanged.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - PFAS (PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES)**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

The following is added to Paragraph **B. Exclusions**:

1. The exclusion set forth in Paragraph 2. applies to all coverage under all forms and endorsements that comprise this Coverage Part, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
2. We will not pay for loss or damage caused directly or indirectly by, in whole or in part, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage, the actual, alleged, threatened or suspected absorption, discharge, dispersal, seepage, migration, release or escape of, contact with, exposure to, existence of, or presence of, any "PFAS" or products or materials containing "PFAS."

Further, we will not pay for any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of "PFAS" by any insured or by any other person or entity, whether or not required by law.

3. As used herein, "PFAS" means any:
  - a. Chemical, compound, substance or material of any kind that consists of or contains, in whole or in part, perfluoroalkyl and/or polyfluoroalkyl;
  - b. Chemical or substance that contains one or more alkyl carbons on which hydrogen atoms have been partially or completely replaced by fluorine atoms;
  - c. Perfluorinated chemical, compound, or substance;
  - d. Polyfluorinated chemical, compound, or substance;
  - e. Perfluoroalkane sulfonoamido chemical, compound, or substance;
  - f. Fluoropolymer of any type, kind, or substance;
  - g. Perfluoropolyether of any type, kind, or substance;
  - h. Side-chain fluorinated polymer of any type, kind, or substance;
  - i. Perfluorooctanoic acid, perfluorooctane sulfonic acid, perfluorobutane sulfonic acid, GenX, and any other compound or substance included as or designated to be a perfluoroalkyl or polyfluoroalkyl by the United States Environmental Protection Agency, any similar state agency or entity, or any equivalent foreign or international environmental agency or entity;

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- j. Associated salt, ester, acid, or alcohol of any item included in this definition of "PFAS";
  - k. Ionic state or acid form of any item included in this definition of "PFAS";
  - l. Precursor chemical, derivative, or degradation or by-product of any item included in this definition of "PFAS"; and
  - m. Any good or product, including containers, materials, parts, or equipment, furnished in connection with such good or product, that consists of or contains any chemical or substance described above.
- 4. The terms of the exclusion in Paragraph 2., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part.
  - 5. The addition of this endorsement does not imply that the actual, alleged, threatened or suspected absorption, discharge, dispersal, seepage, migration, release or escape of, contact with, exposure to, existence of, or presence of, any PFAS constitutes direct physical loss or damage.

All other terms, conditions and agreements of the policy shall remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MULTIPLE CAUSES OF LOSS DEDUCTIBLE FORM**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

### **SCHEDULE \***

The Deductibles applicable to any one occurrence are shown below:

<b>Premises Number</b>	<b>Building Number</b>	<b>Covered Causes of Loss **</b>	<b>Deductible</b>
1	1	1	900,000
1	1	5	900,000
1	1	7	1,500,000

\* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

\*\* For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- (1) Windstorm or Hail
- (2) Theft
- (3) Vandalism
- (4) Collapse
- (5) Water Damage
- (6) Lightning
- (7) Wildfire Smoke

We will only pay for loss or damage for Covered Causes of Loss as shown in the Commercial Property Coverage Part Declarations and set forth in the corresponding "Causes of Loss" form (Basic, Broad, Special) and applicable endorsements (if any).

For the purposes of this endorsement:

Water Damage includes sprinkler leakage and is defined as any covered loss or damage caused directly or indirectly by water and regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Wildfire Smoke includes, but is not limited to, smoke, soot, ash, or other fire-related airborne particulate, including any associated odor, related to a fire, which originates at a location other than the premises described in the Declarations.



The following is added to the **Deductible** section:

- A. Deductibles shown above only apply to the Covered Causes of Loss as specified. For any Covered Causes of Loss not itemized in this Schedule, deductibles shown in the Declarations remain unchanged.
- B. In the event that more than one Covered Cause of Loss Deductible applies to loss or damage to Covered Property as a result of one occurrence, the highest Deductible, shown in this Schedule or in the Declarations, will apply.
- C. The terms of this endorsement do not apply to any Earthquake Deductible or to any Windstorm or Hail Percentage Deductible provided elsewhere in this policy.
- D. The terms of this endorsement do not modify the application of any per-building deductibles.

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COMMERCIAL PROPERTY  
CPM 2049 10 17**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****VANDALISM LIMITATION**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BASIC FORM  
CAUSES OF LOSS - BROAD FORM  
CAUSES OF LOSS - SPECIAL FORM**SCHEDULE**

<b>"Vandalism" Policy Term Aggregate Limit of Insurance</b>	\$ 175,000
<b>"Vandalism" Per-Building Deductible</b>	\$ 100,000
<b>SCHEDULE</b>	
<b>Premises Number</b>	<b>Building Number</b>
1	1

This endorsement applies to the premises and buildings listed in the Schedule above. If the above Schedule is blank, this endorsement applies to all premises and all buildings scheduled on this policy as indicated in the Declarations.

The "Vandalism" Policy Term Aggregate Limit of Insurance is subject to the "Vandalism" Per-Building Deductible shown in this endorsement for each occurrence.

But if "Vandalism" results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

The "Vandalism" Policy Term Aggregate Limit of Insurance is part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

The "Vandalism" Policy Term Aggregate Limit of Insurance is the most we will pay for all loss (including Business Income and Extra Expense) or damage arising out of all occurrences of "Vandalism" which take place in the policy term.

However, if a Copper Theft Limitation endorsement is also attached to this policy, the Copper Theft Policy Term Aggregate Limit of Insurance applies to any "Vandalism" occurring during the act of or as a result of copper theft or attempted copper theft, and we will not pay for any such losses or damage under the "Vandalism" Policy Term Aggregate Limit of Insurance.

"Vandalism" means the willful and malicious damage to, or destruction of, the described property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COPPER THEFT LIMITATION**

This endorsement modifies insurance provided under the following:

### **CAUSES OF LOSS - SPECIAL FORM**

<b>Copper Theft Policy Term Aggregate Limit of Insurance</b>	\$ 175,000
<b>Copper Theft Per-Building Deductible</b>	\$ 100,000

### **SCHEDULE**

<b>Premises Number</b>	<b>Building Number</b>
1	1

This endorsement applies to the premises and buildings listed in the Schedule above. If the above Schedule is blank, this endorsement applies to all premises and all buildings scheduled on this policy as indicated in the Declarations.

The following is added to Paragraph **C.3**:

The Copper Theft Policy Term Aggregate Limit of Insurance is subject to the Copper Theft Per-Building Deductible shown in this endorsement for each occurrence.

The Copper Theft Policy Term Aggregate Limit of Insurance includes:

1. Theft of copper devices, piping, tubes, components, or parts;
2. Theft of any other devices containing copper including but not limited to fuse boxes, air conditioning units, electrical panels, or refrigerating units; and
3. Loss or damage to Covered Property occurring during the act of or as a result of the copper theft or attempted copper theft.

The Copper Theft Policy Term Aggregate Limit of Insurance is part of, not in addition to, the Limit of Insurance applicable to Covered Property.

The Copper Theft Policy Term Aggregate Limit of Insurance is the most we will pay for all loss or damage, including Business Income and Extra Expense, arising out of all occurrences of copper theft, including any "Vandalism" occurring in connection with any occurrences of copper theft or attempted copper theft, which take place during the policy term.

"Vandalism" means the willful and malicious damage to, or destruction of, the described property.





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COMMERCIAL PROPERTY  
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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION — MAJOR RENOVATIONS**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART

We will not pay for loss or damage to covered property that occurs while any of the following are being performed:

1. Alterations to load-bearing structures;
2. New construction, including building additions; or
3. Demolition, including but not limited to tearing down an exterior wall, removing a roof, or interior demolition involving load-bearing structures.

All other terms, conditions and agreements of the policy shall remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS PERSONAL PROPERTY ENDORSEMENT**

This Endorsement modifies insurance provided under the following:

VACANT BUILDING PROPERTY COVERAGE FORM

**Coverage under this Endorsement applies only if a limit for Business Personal Property is shown in the Declarations.**

**Coverage A. ("COVERAGE"), Item 1 ("Covered Property")** on the Vacant Building Property Coverage Form, CPM 2039, the following is added:

- b. Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations:
- (1)** Furniture and fixtures;
  - (2)** Machinery and equipment;
  - (3)** "Stock";
  - (4)** All other personal property owned by you and used in your business;
  - (5)** Labor, materials or services furnished or arranged by you on personal property of others;
  - (6)** Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
    - (a)** Made a part of the building or structure you occupy but do not own; and
    - (b)** You acquired or made at your expense but cannot legally remove;
  - (7)** Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

## **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**

This Endorsement modifies insurance provided under the following:  
VACANT BUILDING PROPERTY COVERAGE FORM

**The Following is added to Coverage A.:**

**5. Newly Acquired or Constructed Property**

**Except as otherwise provided, the following Endorsement applies to property located in or on the Building described in the Declarations.**

**a. Buildings**

- (1)** New buildings while being built on the described premises; and
- (2)** Buildings you acquire at locations, other than the described premises, intended for:
  - (a)** Similar use as the building described in the Declarations; or
  - (b)** Use as a warehouse.

The most we will pay for loss or damage under this Endorsement is \$250,000 at each building.

**b. Period of Coverage**

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (1)** This policy expires; or
- (2)** 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1)** Computer hardware, including micro-processors;
      - (2)** Computer application software;
      - (3)** Computer operating systems and related software;
      - (4)** Computer networks;
      - (5)** Microprocessors (computer chips) not part of any computer system; or
      - (6)** Any other computerized or electronic equipment or components; or
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;
 

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
  - 2.** Under the Commercial Property Coverage Part:
    - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
    - b.** In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;
 

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

POLICY NUMBER: 12PRM121281-01

IL 09 53 01 15

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 STANDARD PROPERTY POLICY

**SCHEDULE**

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

- A.** The following definition is added with respect to the provisions of this endorsement:
- "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
  2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- B.** The following exclusion is added:

**CERTIFIED ACT OF TERRORISM EXCLUSION**

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement. If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**D. Application Of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

POLICY NUMBER: 12PRM121281-01

IL 09 95 01 07

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

### SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph D.) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Applicability Of The Provisions Of This Endorsement**

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

- a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or



- b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
- (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
  - (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
  - (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
2. If the provisions of this endorsement become applicable, such provisions:
- a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
  - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
  - a. Use or threat of force or violence; or
  - b. Commission or threat of a dangerous act; or
  - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
  - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
  - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

**EXCLUSION OF TERRORISM**

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

5. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this Item **C.5.**, the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form, Coverage Part or Policy.

#### **D. Exception Covering Certain Fire Losses**

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

#### **E. Application Of Other Exclusions**

1. When the Exclusion Of Terrorism applies in accordance with the terms of **C.1.** or **C.2.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

POLICY NUMBER: 12PRM121281-01  
 ENDORSEMENT #: 1

ILB 0002 06 12

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## GENERAL CHANGE ENDORSEMENT

<b>COMPANY INFORMATION</b>	
National Fire & Marine Insurance Company 1314 Douglas St, Suite 1400 Omaha, NE 68102	
<b>AGENCY INFORMATION</b>	
RT Specialty, a division of RSG Specialty, LLC 540 W Monroe St 9th Fl Chicago, IL 60661-	
<b>NAMED INSURED:</b>	TITAN GOLDEN PROPERTY INVESTOR
<b>MAILING ADDRESS:</b>	49 BEVERLY PARK CIRCLE BEVERLY HILLS, CA 90210
<b>POLICY PERIOD:</b>	FROM 12/25/2023 12:01 A.M. TO 12/25/2024 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.
<b>ENDORSEMENT EFFECTIVE:</b>	12/25/2023 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.
<b>ENDORSEMENT PROCESSED:</b>	01/22/2024
<b>ADDITIONAL / (RETURN) PREMIUM:</b>	

This endorsement changes the policy on the endorsement effective date shown above.  
 It is agreed that the policy is changed as follows:

The following endorsements and forms are modified per the attached:

CPD 0001	04/2013	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
CPM 1110	07/2022	MULTIPLE CAUSES OF LOSS DEDUCTIBLE FORM
IL 0270	07/2020	CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

The following endorsements and forms are attached and become part of the policy:

M 5935	10/2018	SURPLUS LINES NOTICE OF NONRENEWAL
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IN CONSIDERATION OF AN ADDITIONAL PREMIUM OF [REDACTED] THE FOLLOWING LOCATIONS AND BUILDINGS ARE HEREBY ADDED.

### BUILDINGS ADDED

LOC	BLDG	DESCRIPTION
1	2	49 BEVERLY PARK CIRCLE BEVERLY HILLS, CA 90210

Pro-Rata Factor: 1.000

All other terms, conditions, and agreements remain unchanged.

## **SURPLUS LINES NOTICE OF NONRENEWAL**

You are hereby notified that your policy will terminate effective no later than the date and time of its expiration as shown on the policy Declarations Page, for the following reason:

Eligibility for surplus lines policy placement must be re-determined annually for each new policy period.

At your request, we will provide loss information to you for the past three years or the period of time during which we provided coverage to you, whichever is less.

We reserve the right to cancel this policy sooner than the expiration date by giving you notice of cancellation in accordance with state law, as applicable.



POLICY NUMBER: 12PRM121281-01

COMMERCIAL PROPERTY  
CPD 0001 04 13

## COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Agency Name: RT Specialty, a division of RSG Specialty, LLC

Agency Number: H00070

### DESCRIPTION OF PREMISES

Premises Number: 1

Building Number: 2

Building Description: POOL HOUSE

Address: 49 BEVERLY PARK CIRCLE, BEVERLY HILLS, CA 90210

Protection Class: 1

Construction: Frame/Brick Veneer

Occupancy: 0844 OUTDOOR GAZEBOS, SHELTERS, OR PAVILIONS

### COVERAGES PROVIDED

Insurance at the above described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made.

Coverage	Limit Of Insurance	Coinsurance	Covered Causes Of Loss	Deductible	Premium
Building	\$100,000	80%	SPECIAL INCL THEFT	\$1,000	
Business Personal Property other than Stock & TIB	\$50,000	80%	SPECIAL INCL THEFT	\$1,000	

### OPTIONAL COVERAGES

Coverage	Agreed Value		Replacement Cost (X)	Inflation Guard (%)
	Amount	Expiration Date		
Building			X	
Business Personal Property other than Stock & TIB			X	

### OPTIONAL BUSINESS INCOME COVERAGES

Agreed Value		Monthly Limit Of Indemnity (Fraction)	Maximum Period Of Indemnity (X)	Extended Period Of Indemnity (Days)
Amount	Expiration Date			

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A. Paragraphs 2. and 3. of the Cancellation**

Common Policy Condition are replaced by the following:

**2. All Policies In Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a.** 10 days before the effective date of cancellation if we cancel for:
  - (1)** Nonpayment of premium; or
  - (2)** Discovery of fraud by:
    - (a)** Any insured or his or her representative in obtaining this insurance; or
    - (b)** You or your representative in pursuing a claim under this policy.
- b.** 30 days before the effective date of cancellation if we cancel for any other reason.

**3. All Policies In Effect For More Than 60 Days**

- a.** If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
  - (1)** Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
  - (2)** Discovery of fraud or material misrepresentation by:
    - (a)** Any insured or his or her representative in obtaining this insurance; or
    - (b)** You or your representative in pursuing a claim under this policy.
  - (3)** A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
  - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
  - (6) A determination by the Commissioner of Insurance that the:
    - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
    - (b) Continuation of the policy coverage would:
      - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
      - (ii) Threaten our solvency.
  - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
- B. The following provision is added to the **Cancellation Common Policy Condition:**
- 7. Residential Property**
- This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:  
Commercial Property Coverage Part  
Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And  
Household Personal Property Coverage Form
- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
  - b. We may not cancel this policy solely because the first Named Insured has:
    - (1) Accepted an offer of earthquake coverage; or
    - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.
  - c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
    - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
    - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.



- d. If a state of emergency under California Law is declared and the residential property is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not cancel this policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred. However, we may cancel:

- (1) When you have not paid the premium, at any time by letting you know at least 10 days before the date cancellation takes effect;
- (2) If willful or grossly negligent acts or omissions by the Named Insured, or his or her representatives, are discovered that materially increase any of the risks insured against; or
- (3) If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.

- C. The following is added and supersedes any provisions to the contrary:

**Nonrenewal**

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. **Residential Property**

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part  
Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And  
Household Personal Property Coverage Form

- a. If this policy provides coverage as described in the preceding paragraph, and we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at the mailing address shown in the policy, at least 75 days, but not more than 120 days, before the expiration or anniversary date.

If we fail to give the first Named Insured shown in the Declarations notice of nonrenewal at least 75 days prior to the policy expiration, as required in the paragraph above, this policy, with no change in its terms and conditions, shall remain in effect for 75 days from the date that the notice of nonrenewal is delivered or mailed to the Named Insured. A notice to this effect shall be provided by us to the first Named Insured with the notice of nonrenewal.

- b. We may elect not to renew such coverage for any reason, except as provided in Paragraphs **c.**, **d.** and **e.** below.
- c. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;



- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3) We have:
- (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
  - (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and
- the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.
- d. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.
- e. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
- (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
  - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.
- f. If a state of emergency under California Law is declared and the residential property is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not nonrenew this policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred.
- However, we may nonrenew:
- (1) If willful or grossly negligent acts or omissions by the Named Insured, or his or her representatives, are discovered that materially increase any of the risks insured against;
  - (2) If losses unrelated to the postdisaster loss condition of the property have occurred that would collectively render the risk ineligible for renewal; or
  - (3) If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.
3. We are not required to send notice of nonrenewal in the following situations:
- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.
  - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
  - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
  - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
  - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
  - f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MULTIPLE CAUSES OF LOSS DEDUCTIBLE FORM**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

### **SCHEDULE \***

The Deductibles applicable to any one occurrence are shown below:

<b>Premises Number</b>	<b>Building Number</b>	<b>Covered Causes of Loss **</b>	<b>Deductible</b>
1	1	1	900,000
1	1	5	900,000
1	1	7	1,500,000
1	2	7	5,000
1	2	5	3,000
1	2	1	3,000

\* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

\*\* For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- (1) Windstorm or Hail
- (2) Theft
- (3) Vandalism
- (4) Collapse
- (5) Water Damage
- (6) Lightning
- (7) Wildfire Smoke

We will only pay for loss or damage for Covered Causes of Loss as shown in the Commercial Property Coverage Part Declarations and set forth in the corresponding "Causes of Loss" form (Basic, Broad, Special) and applicable endorsements (if any).

For the purposes of this endorsement:

Water Damage includes sprinkler leakage and is defined as any covered loss or damage caused directly or indirectly by water and regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Wildfire Smoke includes, but is not limited to, smoke, soot, ash, or other fire-related airborne particulate, including any associated odor, related to a fire, which originates at a location other than the premises described in the Declarations.

The following is added to the **Deductible** section:

- A.** Deductibles shown above only apply to the Covered Causes of Loss as specified. For any Covered Causes of Loss not itemized in this Schedule, deductibles shown in the Declarations remain unchanged.
- B.** In the event that more than one Covered Cause of Loss Deductible applies to loss or damage to Covered Property as a result of one occurrence, the highest Deductible, shown in this Schedule or in the Declarations, will apply.
- C.** The terms of this endorsement do not apply to any Earthquake Deductible or to any Windstorm or Hail Percentage Deductible provided elsewhere in this policy.
- D.** The terms of this endorsement do not modify the application of any per-building deductibles.

POLICY NUMBER: 12PRM121281-01

ILB 0002 06 12

ENDORSEMENT #: 2

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****GENERAL CHANGE ENDORSEMENT**

<b>COMPANY INFORMATION</b>	
National Fire & Marine Insurance Company 1314 Douglas St, Suite 1400 Omaha, NE 68102	
<b>AGENCY INFORMATION</b>	
RT Specialty, a division of RSG Specialty, LLC 540 W Monroe St 9th Fl Chicago, IL 60661-	
<b>NAMED INSURED:</b>	TITAN GOLDEN PROPERTY INVESTOR
<b>MAILING ADDRESS:</b>	49 BEVERLY PARK CIRCLE BEVERLY HILLS, CA 90210
<b>POLICY PERIOD:</b>	FROM 12/25/2023 12:01 A.M. TO 12/25/2024 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.
<b>ENDORSEMENT EFFECTIVE:</b>	12/25/2023 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.
<b>ENDORSEMENT PROCESSED:</b>	01/23/2024
<b>ADDITIONAL / (RETURN) PREMIUM:</b>	

This endorsement changes the policy on the endorsement effective date shown above.

It is agreed that the policy is changed as follows:

The following endorsements and forms are modified per the attached:

CPD 0001	04/2013	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
IL 0270	07/2020	CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

The following endorsements and forms are removed from the policy:

CPM2030	06/2011	BUSINESS OR RENTAL INCOME (AND EXTRA EXPENSE) COVERAGE FORM
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IN CONSIDERATION OF A RETURN PREMIUM OF [REDACTED] THE FOLLOWING BUILDING IS HEREBY  
MODIFIED PER THE ATTACHED SCHEDULE.

LOC	BLDG	ADDRESS
1	1	49 BEVERLY PARK CIRCLE BEVERLY HILLS, CA 90210

Pro-Rata Factor: 1.000

All other terms, conditions, and agreements remain unchanged.



NOT 0006 12 19

## **IMPORTANT NOTICE: PROTECTIVE SAFEGUARDS CONDITION**

Your policy has protective safeguards.

Protective Safeguards for devices or services, such as alarms and sprinklers, must be maintained in complete working order.

**Otherwise, there may not be coverage in the event of a loss.**

Please refer to the below endorsement(s) to see how your coverage is limited:

CP 0411 PROTECTIVE SAFEGUARDS

CPB 1211 BURGLARY, ROBBERY, THEFT, AND VANDALISM PROTECTIVE SAFEGUARDS

**\*\*This is only a notice of your coverage and does not amend, extend or alter the coverages or any other provisions contained in your policy. The language in your policy controls your legal rights and obligations. In the event of a conflict between the policy and this notice, policy provisions prevail.**

NOT 0006 12 19

POLICY NUMBER: 12PRM121281-01

COMMERCIAL PROPERTY  
CPD 0001 04 13

## COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Agency Name: RT Specialty, a division of RSG Specialty, LLC

Agency Number: H00070

### DESCRIPTION OF PREMISES

Premises Number: 1

Building Number: 1

Building Description:

Address: 49 BEVERLY PARK CIRCLE, BEVERLY HILLS, CA 90210

Protection Class: 1

Construction: Frame/Brick Veneer

Occupancy: 1180 VACANT SECONDARY HOME

### COVERAGES PROVIDED

Insurance at the above described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made.

Coverage	Limit Of Insurance	Coinsurance	Covered Causes Of Loss	Deductible	Premium
Building	\$5,000,000	None	SPECIAL INCL THEFT	\$100,000	
Business Personal Property other than Stock & TIB	\$550,000	80%	SPECIAL INCL THEFT	\$100,000	

### OPTIONAL COVERAGES

Coverage	Agreed Value		Replacement Cost (X)	Inflation Guard (%)
	Amount	Expiration Date		
Building			X	
Business Personal Property other than Stock & TIB			X	

### OPTIONAL BUSINESS INCOME COVERAGES

Agreed Value		Monthly Limit Of Indemnity (Fraction)	Maximum Period Of Indemnity (X)	Extended Period Of Indemnity (Days)
Amount	Expiration Date			

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
 POLLUTION LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A. Paragraphs 2. and 3. of the Cancellation**

Common Policy Condition are replaced by the following:

**2. All Policies In Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a.** 10 days before the effective date of cancellation if we cancel for:
  - (1)** Nonpayment of premium; or
  - (2)** Discovery of fraud by:
    - (a)** Any insured or his or her representative in obtaining this insurance; or
    - (b)** You or your representative in pursuing a claim under this policy.
- b.** 30 days before the effective date of cancellation if we cancel for any other reason.

**3. All Policies In Effect For More Than 60 Days**

- a.** If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
  - (1)** Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
  - (2)** Discovery of fraud or material misrepresentation by:
    - (a)** Any insured or his or her representative in obtaining this insurance; or
    - (b)** You or your representative in pursuing a claim under this policy.
  - (3)** A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
  - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
  - (6) A determination by the Commissioner of Insurance that the:
    - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
    - (b) Continuation of the policy coverage would:
      - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
      - (ii) Threaten our solvency.
  - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
- B. The following provision is added to the **Cancellation Common Policy Condition:**
- 7. Residential Property**
- This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:  
Commercial Property Coverage Part  
Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And  
Household Personal Property Coverage Form
- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
  - b. We may not cancel this policy solely because the first Named Insured has:
    - (1) Accepted an offer of earthquake coverage; or
    - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.
  - c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
    - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
    - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.



- d. If a state of emergency under California Law is declared and the residential property is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not cancel this policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred. However, we may cancel:

- (1) When you have not paid the premium, at any time by letting you know at least 10 days before the date cancellation takes effect;
- (2) If willful or grossly negligent acts or omissions by the Named Insured, or his or her representatives, are discovered that materially increase any of the risks insured against; or
- (3) If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.

- C. The following is added and supersedes any provisions to the contrary:

**Nonrenewal**

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. **Residential Property**

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part  
Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And  
Household Personal Property Coverage Form

- a. If this policy provides coverage as described in the preceding paragraph, and we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at the mailing address shown in the policy, at least 75 days, but not more than 120 days, before the expiration or anniversary date.

If we fail to give the first Named Insured shown in the Declarations notice of nonrenewal at least 75 days prior to the policy expiration, as required in the paragraph above, this policy, with no change in its terms and conditions, shall remain in effect for 75 days from the date that the notice of nonrenewal is delivered or mailed to the Named Insured. A notice to this effect shall be provided by us to the first Named Insured with the notice of nonrenewal.

- b. We may elect not to renew such coverage for any reason, except as provided in Paragraphs **c.**, **d.** and **e.** below.
- c. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3) We have:
  - (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
  - (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.
- d. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.
- e. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
  - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
  - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.
- f. If a state of emergency under California Law is declared and the residential property is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not nonrenew this policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred.

However, we may nonrenew:

- (1) If willful or grossly negligent acts or omissions by the Named Insured, or his or her representatives, are discovered that materially increase any of the risks insured against;
  - (2) If losses unrelated to the postdisaster loss condition of the property have occurred that would collectively render the risk ineligible for renewal; or
  - (3) If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.
3. We are not required to send notice of nonrenewal in the following situations:
- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.
  - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
  - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
  - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
  - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
  - f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.